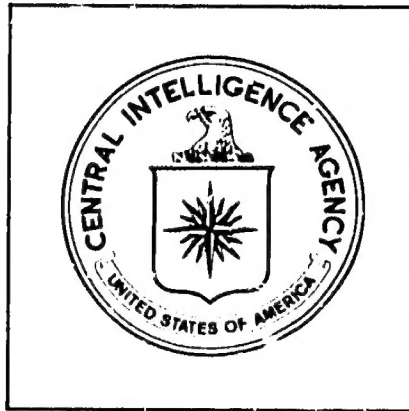


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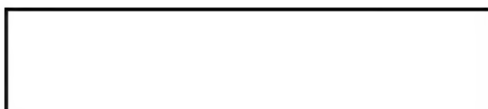
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Spanish Sahara*Parties Jockey For Position*

As the future of the Spanish Sahara, which contains one of the world's richest phosphate deposits, is being weighed by the International Court of Justice, internal political divisions are beginning to surface. A recommendation by the court is expected in September, in time for the next session of the UN General Assembly. Yet the recommendation of the ICJ will be unenforceable should the principal interested nations--Spain, Morocco, Mauritania, Algeria--refuse to abide by it, and several insurgent or political groups have emerged in the territory to defend or contest the interests of those nations.

Spain

Spain is publicly committed to relinquishing its colonial ties with the Sahara, but it will probably try to protect its investments by backing a loyal, indigenous political grouping. The National Union Party (NUP) formed last year, which clearly represents the interests of Spain and has its support, seeks an independent Sahara through an "accelerated process of self-determination" based on friendship and cooperation with Spain.

The NUP, the first Spanish-backed party to appear in the Sahara, is made up of members of the Reguibat tribe who support Spain in the dispute over the Sahara. By supporting the NUP, Spain hopes to counter indigenous groups favoring annexation by Morocco or Mauritania. The Reguibat are known for their ferocity, pride, and ability with firearms; they were involved in much of the border strife which led to the 1963 Moroccan-Algerian clash. Spain probably enticed them to support a referendum by alluding to the benefits Saharans could reap from Spanish development of the phosphate mines. Depending on the decision of the Hague Court, the Reguibats could provide Spain with the nucleus of a malleable indigenous political party to continue its influence in the area.

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Mauritania

Mauritania, like Morocco, has put forward historical claims to the Spanish Sahara, although it seems less interested in pressing its own claim than in countering that of Morocco. The tribes of the Spanish Sahara probably have more in common with the Moors who now dominate the government in Nouackchott than with the Arabs and Arabized Berbers who rule in Rabat and Algiers. Mauritania remains suspicious of Moroccan intentions and is committed to the principle of Saharan self-determination. The Ould Da'ddah regime contends that its independence would be endangered if Morocco obtained political control of all of Spanish Sahara.

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Algeria

The Sahara represents for Algeria but one aspect of the complex problem of relations with Morocco. Images of an irredentist Morocco, which in the past laid claim to western Algeria, probably weigh more heavily on Algeria thinking than any economic considerations. Algeria opposes Moroccan annexation of the area and in the past has supported Mauritanian interests. Algiers would prefer an ICJ decision that permitted a referendum held under UN auspices and leading to independence, thus denying Morocco any form of control--political or territorial.

(Continued)

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Morocco

Morocco espouses an irredentist claim to the Sahara originating in pre-colonial history. It has made use of several groups in the past for acts of sabotage and small disturbances in an effort to remind Spain of that claim.

The Moroccan Liberation Army (MLA), created before Morocco's independence, was the first "liberation" group active in the Sahara. Decimated by joint Franco-Spanish operations, members of the MLA were absorbed by the official Moroccan military establishment after independence; they provide Morocco with an effective cadre for cross-border operations.

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Nepal*Increased Prices for Indian Goods*

India recently notified Nepal that commodities it has been supplying at subsidized domestic prices will henceforth be priced at parity with other Indian exports. This move, which follows earlier cutbacks in sales of petroleum, paper and flour, will increase Nepal's import bill by between \$3.5 and over \$7 million. Inadequate data precludes an accurate assessment of the economic impact, even by the Nepalese, but foreign exchange reserves are large enough to allow the flow of imports to continue.

Officially--and quite plausibly--India attributes the changes to economic necessity. Nonetheless, the fact that India's tightening of its trade policy with Nepal intensified following anti-Indian demonstrations in Kathmandu last summer serves to remind Nepal of its economic vulnerability and the need for discretion.

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